

CITY OF AUBURN, MAINE

**Reports Required by *Government Auditing
Standards* and the Uniform Guidance**

**For the Year Ended
June 30, 2021**

CITY OF AUBURN, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2021

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council and School Committee
City of Auburn, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Auburn, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Auburn, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

During our audit, we became aware of opportunities for strengthening internal controls and operating efficiency that we have reported to management of the City of Auburn, Maine in a separate letter dated February 25, 2022.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 25, 2022
South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council and School Committee
City of Auburn, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Auburn, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Auburn, Maine's major federal programs for the year ended June 30, 2021. The City of Auburn, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Auburn, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Auburn, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the City of Auburn, Maine's compliance.

Basis for Qualified Opinion on Coronavirus Relief Fund and Community Development Block Grant

As described in Findings 2021-001 and 2021-002 in the accompanying schedule of findings and questioned costs, the City of Auburn, Maine, did not comply with requirements regarding the following:

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

<u>Finding #</u>	<u>Assistance Listing</u>	<u>Program</u>	<u>Compliance Requirement</u>
2021-001	14.218	Community Development Block Grant	Reporting
2021-002	21.019	Coronavirus Relief Fund	Allowable Costs

Compliance with such requirements is necessary, in our opinion, for the City of Auburn, Maine to comply with the requirements applicable to these programs.

Qualified Opinion on Coronavirus Relief Fund and Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Auburn, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Coronavirus Relief Fund and the Community Development Block Grant for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Auburn, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

The City of Auburn, Maine’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Auburn, Maine’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

Management of the City of Auburn, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Auburn, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, Maine’s internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

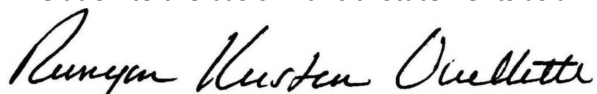
A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements. We issued our report thereon dated February 25, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



February 25, 2022
South Portland, Maine

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing	Pass-through number	Federal expenditures	Assistance Listing/ Cluster totals	Passed through to subrecipients
U.S. Department of Education,					
passed through the Maine Department of Education:					
Adult Basic Education	84.002	6296	\$ 27,078		-
Title IA	84.010	3107	975,200		-
Title IA - Program Improvement	84.010	3106	9,195	984,395	-
Special Education Cluster:					
Special Education - Grants to States (IDEA, Part B)	84.027	3046	1,056,308		-
Special Education - Preschool Grants (IDEA Preschool)	84.173	6247	23,057		-
Total Special Education Cluster				1,079,365	
21st Century - Community Learning Center	84.287	3356	225,588		-
Special Education - State Personnel Development (Math4ME)	84.323	3049	104,866		-
Title III - Language Acquisition	84.011	3115	21,419		-
Title IIA - Supporting Effective Instruction	84.367	3042	181,167		-
School Improvement Grant	84.377	3105	1,788		-
Title IV - Student Support and Academic Enrichment	84.424	3345	30,537		-
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	7006	653,873		-
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	N/A	584,737	1,238,610	-
Total U.S. Department of Education			3,894,813		-
U.S. Department of Agriculture,					
passed through the Maine Department of Education:					
Child Nutrition Cluster:					
Donated Commodities	10.555	N/A	113,672		-
Summer Food Service Program	10.559	3016/3018	1,347,423		-
Total Child Nutrition Cluster				1,461,095	
Fresh Fruit and Vegetable Program	10.582	3028	55,253		-
passed through the Maine Department of Agriculture, Conservation, and Forestry's Maine Forest Service:					
Project Canopy: Urban and Community Forestry Program	10.675	N/A	9,523		-
Direct Programs:					
Farm to School	10.575	N/A	42,831		-
Total U.S. Department of Agriculture			1,568,702		-
U.S. Department of Justice,					
passed through Lewiston Auburn 9-1-1:					
Public Safety Partnership and Community Policing Grant	16.710	N/A	376,481		-
passed through Dirigo Safety, LLC:					
Enforcing Underage Drinking Laws	16.727	3232	3,850		-
Direct Programs:					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	9,420		-
Bullet Proof Vest	16.607	N/A	15,811		-
Edward Byrne Justice Assistance Grant	16.738	N/A	15,142		-
Equitable Sharing Program	16.922	N/A	88,860		-
Total U.S. Department of Justice			509,564		-

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing	Pass- through number	Federal expenditures	Assistance Listing/ Cluster totals	Passed through to subrecipients
U.S. Department of Transportation,					
passed through the Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction - Mill Street and Main Street	20.205	WIN 018651.00	\$ 14,108		-
Highway Planning and Construction - Hotel Rd.	20.205	WIN 022384.00	3,643		-
Highway Planning and Construction - Traffic Signals	20.205	WIN 018658.00	22,225		-
Total Highway Planning and Construction Cluster				39,976	
passed through the Maine Bureau of Highway Safety:					
Highway Safety Cluster:					
Evidence Based Impaired Driving (OUI Grant)	20.600	N/A	3,704		-
Speed Enforcement Program	20.600	N/A	11,191		-
Total Highway Safety Cluster				14,895	
Total U.S. Department of Transportation			54,871		-
U.S. Department of Housing and Urban Development:					
Direct Programs:					
CDBG - Entitlements Grants Cluster:					
Community Development Block Grant - Entitlement	14.218	N/A	433,204		120,909
COVID-19 - Community Development Block Grant - Entitlement	14.218	N/A	213,063		-
Total CDBG - Entitlements Grants Cluster				646,267	
Home Investment Partnership Program	14.239	N/A	332,753		-
Total U.S. Department of Housing and Urban Development			979,020		120,909
U. S. Department of the Treasury,					
passed through the Maine Department of Education:					
COVID-19 - Coronavirus Relief Fund	21.019	7010	2,934,788		-
COVID-19 - Coronavirus Relief Fund II	21.019	7015	3,088,747		-
COVID-19 - Coronavirus Relief Fund - Reallocated	21.019	7015	500,000		-
COVID-19 - Coronavirus Relief Fund - Day Program	21.019	7020	730,975		-
COVID-19 - Coronavirus Relief Fund - Adult Education	21.019	7011	10,019		-
passed through the Maine Department of Health and Human Services:					
COVID-19 - Coronavirus Relief Fund - Keep Maine Healthy	21.019	COM-20-3001B	540,382	7,804,911	-
Total U. S. Department of the Treasury			7,804,911		-
U.S. Department of Homeland Security,					
passed through the Maine Emergency Management Agency:					
Disater Grants - Public Assistance	97.036	N/A	134,287		-
Assistance to Firefighters Grant	97.044	N/A	51,912		-
Homeland Security	97.067	N/A	67,127		-
Total U.S. Department of Homeland Security			253,326		-
Totals			\$ 15,065,207		120,909

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AUBURN, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Auburn, Maine for the fiscal year ended June 30, 2021. The reporting entity is defined in Notes to Basic Financial Statements of the City of Auburn, Maine.

- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.
 - 1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

 - 2. Major Programs - the Uniform Guidance establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Auburn, Maine have been identified in the summary of auditor's results section in the schedule of findings and questioned costs.

- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City of Auburn, Maine's fund financial statements.

- D. The City of Auburn, Maine has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weaknesses identified? No
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control over major federal programs:
 Material weaknesses identified? No
 Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes

Identification of major federal programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund</u>
<u>14.218</u>	<u>Community Development Block Grant – Entitlement</u>
<u>84.425D</u>	<u>Elementary and Secondary School Emergency Relief</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

None

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

2021-001 U.S. Department of Housing and Urban Development, for the period July 1, 2020 through June 30, 2021, CFDA #14.218 Community Development Block Grant

Criteria: Compliance under Reporting for CDBG requires the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary to be submitted annually. Both reports include financial information that should be reported on a basis consistent with grant terms. Additionally, the PR03 report also includes certain demographic and performance measures that allows for evaluation of project achievements.

Condition: Certain information related to the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary were not made available or could not be reconciled to the City's accounting system or to underlying documentation.

Cause: The City utilizes several different systems to administer and track results of the CDBG program. The City's Munis accounting system is utilized for most financial information, the GMS system is utilized to track outstanding loans, and the U.S. Department of Housing and Urban Development IDIS system is used to track project achievements. As such, information must be entered and logged on three different systems. Maintaining continuity of information on all three systems is burdensome and can lead to inaccuracies and data mismanagement.

Effect: Failure to complete reports accurately and maintain proper supporting documentation for amounts reported could skew the financial position of the program and related projects. As such, measurement of results and management decisions for future projects could be based on inaccurate information.

Recommendation: All information entered into Munis, GMS, and IDIS should be reconciled monthly to ensure that financial information and data is consistent across all platforms. Quarterly and year-end financial reporting should be prepared and reconciled to the Munis accounting system and supporting documentation should be maintained on file according to the City's document retention policies. Additionally, all demographic and project achievement data should be updated in IDIS regularly and reconciled to underlying documentation.

Questioned Costs: None

Management's Response/Corrective Action Plan: *The City plans on implementing the recommendations in the audit. There is completely new staff in the Community Development Department and we are working closely together to make sure that reconciliations will be done and we are implementing new loan software, that will communicate with MUNIS to make things easier to track.*

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

**2021-002 U.S. Department of the Treasury, for the period July 1, 2020 through June 30, 2021, CFDA #21.019
Coronavirus Relief Fund**

Criteria: Allowable costs under the Coronavirus Relief Fund (CRF) must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms.

Condition: Certain payroll costs allocated to the CRF grant were not properly documented.

Cause: During the pandemic, the City utilized several different systems to administer and track results of the CRF program across the many different departments at the City. Certain time and effort documentation obtained from the City was not detailed enough to properly substantiate that the activities by City personnel met allowable cost requirements.

Effect: Certain activities performed by City personnel may not meet the allowable cost requirements.

Recommendation: All City employees allocating time to grant activities should properly complete documentation based on the requirements of 2 CFR § 200 to ensure amounts are reasonable and allowable. They City should standardized documentation and requirements across all departments to facilitate a simple and reliable reporting process.

Questioned Costs: None

Management's Response/Corrective Action Plan: *The City plans on implementing the recommendations in the audit. There is a new grant manager position within the City who is responsible for working closely with all departments to make sure that the City complies with all grant requirements.*

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

2021-003 U.S. Department of Housing and Urban Development, for the period July 1, 2020 through June 30, 2021, CFDA #14.239 Home Investment Partnership Program

Criteria: Program income generated by federal grants must be properly identified, recorded, and utilized in accordance with 2 CFR § 200.307 and other grant specific requirements.

Condition: Program income generated by the Home Investment Partnership Program was not properly utilized by the City.

Cause: Program income is routinely generated as part of the Home Investment Partnership Program at the City. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Due to turnover in key positions at the City, the program income was not properly recognized and deducted from current allowable costs before initiating drawdowns of new federal funds.

Effect: The City is holding excess federal funds and these funds are not being utilized in accordance with grant requirements.

Recommendation: All program income should be properly identified, reported, and utilized. The City should establish monthly procedures to identify and reconcile program income to records. Additionally, the drawdown process should be standardized and done routinely on a monthly basis to assist in transparency, reconciliations, and to minimize the time that federal funds are held by the City.

Questioned Costs: None

Management's Response/Corrective Action Plan: *The new management of the Community Development Department has rewritten all policies and currently are having weekly meetings with HUD to track progress on implementation of the new policies, which will help correct the issue noted above.*

Person responsible for corrective action of City comments:

Jill Eastman, Finance Director, (207) 333-6600

Anticipated completion date:

Corrective action will be complete within 12 months.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards and *Government Auditing Standards*

2020-001 U.S. Department of Housing and Urban Development, for the period July 1, 2019 through June 30, 2020, CFDA #14.218 Community Development Block Grant

Criteria: Compliance under Reporting for CDBG requires the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary to be submitted annually. Both reports include financial information that should be reported on a basis consistent with grant terms. Additionally, the PR03 report also includes certain demographic and performance measures that allows for evaluation of project achievements.

Condition: Certain information reported in the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary could not be reconciled to the City's accounting system or to underlying documentation.

Cause: The City utilizes several different systems to administer and track results of the CDBG program. The City's Munis accounting system is utilized for most financial information, the GMS system is utilized to track outstanding loans, and the U.S. Department of Housing and Urban Development IDIS system is used to track project achievements. As such, information must be entered and logged on three different systems. Maintaining continuity of information on all three systems is burdensome and can lead to inaccuracies.

Effect: Failure to complete reports accurately and maintain proper supporting documentation for amounts reported could skew the financial position of the program and related projects. As such, measurement of results and management decisions for future projects could be based on inaccurate information.

Recommendation: All information entered into Munis, GMS, and IDIS should be reconciled monthly to ensure that financial information and data is consistent across all platforms. Quarterly and year-end financial reporting should be prepared and reconciled to the Munis accounting system and supporting documentation should be maintained on file according to the City's document retention policies. Additionally, all demographic and project achievement data should be updated in IDIS regularly and reconciled to underlying documentation.

Questioned Costs: None

Status: See current year finding 2021-001.